

The Director of Central Intelligence

Washington, D. C. 20505

30 APR 1977

Dear Sirs:

I would like to correct some of the impressions that your readers might have received from the editorial of April 26 entitled, "The CIA and the oil shortage."

STAT

The editorial stated that "it came as a shock" that the CIA had "moved into the tricky art of estimating international oil and gas reserves." In fact the CIA report on the "International Energy Situation" did not estimate the size of world oil and gas reserves but rather projected oil demand and supply to 1985. Also, it should not be a "shock" that CIA is involved in the strategic considerations of the world energy situation as part of its intelligence mission. The Central Intelligence Agency has been studying international energy problems since its establishment some 30 years ago. Originally the concentration was on communist nations, but as the world energy shortage and higher prices developed in the 1970's our analytical work in this area was extended to cover other parts of the world. We would be derelict if we did not do so.

CIA's role in analyzing world energy trends is well known by U.S. industry, the trade press, and international agencies concerned with this subject. Indeed, every other week the CIA issues a widely distributed, unclassified statistical survey, "International Oil Developments," (attached) through the Document Expediting Project of the Library of Congress.

It is simply not true that the CIA analysis is "almost alone." Most private and institutional projections of energy supply and demand are quite pessimistic, and in light of our analysis of the USSR and China situations we would expect them to evidence greater pessimism.

We take exception to the remark that CIA has a "tattered credibility" and is "an easy mark for White House manipulation." Our analysts jealously protect their objectivity and neither they nor I would accept manipulation, from any source, including the White House. There is no evidence to the contrary.